

**VISN 18 Network Director Oral Testimony**  
**CARES Commission Hearing**  
**Arizona Market**  
**September 19, 2003**

**[Introduction]** Chairman Colley, Commissioner Ferguson, Commissioner Kendall, Commissioner Pell, Commissioner Ray, CARES Commission staff, and distinguished guests. I am Patricia A. McKlem, Network Director of the VA Southwest Health Care Network, Veterans Integrated Service Network #18, referred to as VISN 18. I am pleased to testify on the Arizona Market Plan. The other members of this network leadership panel are Jamie Robbins, M.D., the VISN Chief Medical Officer; John Fears, Director at the Carl T. Hayden VA Medical Center; Jonathan Gardner, Director at the Southern Arizona VA Health Care System; and Terry Atienza, Acting Director at the Northern Arizona VA Health Care System.

**[Markets]** VISN 18 includes Arizona, New Mexico and the western portion of Texas, which encompasses 352,000 square miles and 136 counties. Based on geography, transportation, and referral patterns we divided VISN 18 into two market areas -- the New Mexico/West Texas Market Area and the Arizona Market area. Today we will be focusing on the Arizona Market Area. The Arizona Market is made up of one large city (Phoenix), one medium size city (Tucson) which contains the University of Arizona medical school, numerous small cities and towns and vast rural areas. Arizona has approximately 25 Native American Nations and a large portion of the Native Americans live in extremely rural areas. In these rural areas, public transportation is non-existent. The Arizona Market area consists of the Northern Arizona VA Health Care System, the Carl T. Hayden VA Medical Center, the Southern Arizona VA Health Care System, and a total of 13 CBOCs. The medical centers at Phoenix and Tucson provide tertiary level health care, the medical center at Prescott provides secondary level health care, and the CBOCs provide outpatient primary health care. All three medical centers have contiguous VA nursing homes and the Northern Arizona VA Health Care System includes a domiciliary.

In the year 2001, the baseline year for CARES, 564,000 veterans lived in the Arizona Market and 126,000 veterans are enrolled for VA healthcare, which gives us a market share of 22%. Veterans enrolled for VA healthcare are projected to increase until the year 2014, when we are projected to have 146,000 veterans enrolled or 28% of the market share. From the year 2014 until the year 2022 the number of veterans enrolled is projected to drop by a small amount to 140,000 enrolled veterans. In the year 2022, the veteran population is projected to drop to 451,000 with a market share of 31%. These projections don't take into consideration the winter visitors that we care for.

**[Process]** The Network's CARES planning process was designed to involve as many employees and stakeholders as possible in determining where and how VA services are offered in response to VA issued planning initiatives. Guiding the process was the VISN 18 CARES Steering Committee, Chaired by the Director of the Carl T. Hayden VA Medical Center, and whose membership included stakeholders such as the Director, Arizona Department of Veterans Affairs, an American Legion District Commander, a mayor, 3 physicians, 2 VA health care planners, a Department of Defense health care planner, and a national service officer from Paralyzed Veterans of America. VISN 18 staff and planners from the medical centers provided workload data and options to the VISN 18 CARES Steering Committee who made recommendations to the VISN 18 Board of Directors and to me. In all cases, I accepted the recommendations of the Steering Committee to incorporate into the Arizona Market Plan.

**[Planning Initiatives]** The Arizona Market had no access planning initiatives but we did have 5 capacity planning initiatives and 1 VISN planning initiative.

They are:

- Small facility planning initiative at the Northern Arizona VA Health Care System (under 40 acute beds)

Capacity PIs

- Outpatient primary care
- Outpatient specialty care
- Outpatient mental health care

- Inpatient medicine beds
- Inpatient psychiatry beds

#### VISN PI

- Research collaborative

**[Small Facility PI]** First, I'll discuss the Small Facility Planning Initiative. In order to address the issues surrounding the Small Facility Planning Initiative for the Northern Arizona VA Health Care System, you must understand the close functional relationship between the VA medical centers in Prescott and Phoenix and between outpatient specialty care and inpatient medical care. In the past, the Northern Arizona VA Health Care System did not have the workload to support a large specialized medical program so the Carl T. Hayden VA Medical Center provided those specialized medical services for the veterans living in the Northern Arizona. This system made sense in the past, but now that the Prescott area has grown so much in the past several years, this system makes less and less sense. The Northern Arizona VA Health Care System now has approximately 20,000 patients. Ten years ago, this volume of patients supported a medical school affiliation in Tucson. Referring outpatient specialty care and inpatient medical care to the Carl T. Hayden VA Medical Center is becoming increasingly more difficult because the Phoenix veteran population and resultant workload has increased much faster than the Carl T. Hayden VA Medical Center's capacity. Given the fact that both medical centers have rapidly increasing outpatient specialty care (an increase of 115% between the year 2001 and year 2012 for NAVAHCs and an increase of 46% for CTHVAMC) and inpatient medical care needs (an increase of 54 beds or 35% for the Arizona Market), the solution had to address both facilities. The VISN 18 CARES Steering Committee considered 3 alternatives. 1) Close the inpatient medical beds at the Northern Arizona VA Health Care System and transfer all of the inpatients along with most of the outpatient specialty care to the Carl T. Hayden VA Medical Center. This solution was rejected because of the long travel times for veterans from northern Arizona and the fact that the Carl T. Hayden could not handle the increase in workload. 2) Close the inpatient medical beds at the Northern Arizona VA Health Care System and transfer all of the inpatients to the private regional medical center in Prescott. This solution was rejected

because of continuity of care issues and because it would be much more difficult to attract outpatient specialty care providers to a facility without inpatient medical beds. 3) Recruit specialty care providers that would see patients on both an outpatient and inpatient basis. This will enable us to expand the inpatient unit at the Northern Arizona VA Health Care System by approximately 20 beds to a total of 44 beds and address the outpatient specialty care needs. This solution was approved because it provided both inpatient medical care and outpatient specialty care where the veterans live, thus, reducing travel time and increasing veterans satisfaction. This solution also addressed some of the increase in outpatient specialty care at the Carl T. Hayden VA Medical Center and reduced the need for additional beds at that facility. It is fair to say that the entire market plan for the Arizona Market hinges on implementing this solution for the Northern Arizona VA Health Care System.

**[Primary Care PI]** Outpatient primary care is projected to increase by 105,000 clinic stops to 455,000, or 30%, by the year 2012, and then decrease to 412,000 by the year 2022. The VISN 18 CARES Steering Committee considered contracting out, leasing space, and new construction as a means of addressing the additional primary care workload. The steering committee members agreed that because of the nature of primary care it is not necessary for it to be provided on the medical center campus. Their recommendation is to move a portion of the primary care into leased space in a location near the veteran population. Then move outpatient specialty care into the space vacated by primary care since it is important to have specialty care clinics on the medical center campus because of the relationship to inpatient medicine.

**[Specialty Care PI]** I discussed part of the solution for outpatient specialty care as part of our solution for the small facility planning initiative and again as part of our outpatient primary care planning initiative, so you can see how the various planning initiatives are intricately tied together. The outpatient specialty care planning initiative has a huge impact on all of the VISN 18 facilities. By the year 2012, outpatient specialty care is projected to increase in the Arizona Market from 316,000 clinic stops to over 500,000 clinic stops, an increase of 58%. By the year 2022, the workload is projected to decrease

slightly down to 477,000 clinic stops. As I stated under outpatient primary care, our short term solution is to move part of our outpatient primary care workload into leased space and increase outpatient specialty care in the space vacated by outpatient primary care. The long term solution is to build additional outpatient specialty care clinic space. By increasing the outpatient specialty care provided at Northern Arizona VA Health Care System, we will relieve some of the pressure currently on the Carl T. Hayden VA Medical Center.

**[Mental Health PI]** Our outpatient mental health planning initiative is going to have a significant impact on the Arizona Market. By the year 2012, outpatient mental health is projected to increase in the Arizona Market from 132,000 clinic stops to 212,000 clinic stops, an increase of 61%. By the year 2022, the workload is projected to decrease back down to 178,000 clinic stops. Since March of 2002 we have placed increasing emphasis on improving access to mental health care in our CBOCs. We are hiring mental health providers and using telemedicine wherever we can. This will reduce the impact on the parent facilities in the short term but is not a long term solution. We considered contracting out this workload but the steering committee didn't feel that we could assure quality care through contracting, so in the long term we must increase the outpatient mental health workload at the parent facilities through a combination of construction and leased space.

**[Inpatient Medicine]** Inpatient medical beds are projected to increase from 48,000 Bed Days of Care (BDOC) to 65,000 by the year 2012, a 35% increase. By the year 2022, the workload is projected to decrease down to 58,000 BDOC. Again the only options for providing inpatient medical beds are contracting or increasing capacity in-house. The steering committee felt strongly that this is a quality and continuity of care issue and strongly recommended that we address this issue through increasing our in-house capacity. We will address part of the capacity issue in conjunction with the small facility solution, which will add 19 additional beds at the Northern Arizona VA Health Care System. We will provide the remainder of the needed beds by reactivating 15 inpatient medical beds at the Carl T. Hayden VA Medical Center and 20 beds at the Southern

Arizona VA Health Care System. The difficulty with this solution is that we need to relocate clinic and administrative functions from these previously deactivated inpatient medical units.

**[Inpatient Psychiatry]** Inpatient psychiatry beds are projected to increase from 24,000 BDOC to 38,000 BDOC by the year 2012, a 59% increase. By the year 2022, the workload is projected to decrease slightly down to 33,000 BDOC. The options were the same as for inpatient medical beds and for the same reasons we are going to provide for this additional workload in-house. We plan to reactivate a psychiatric inpatient unit at the Carl T. Hayden VA Medical center which will provide 30 additional beds, and expand the psychiatric unit at the Southern Arizona VA Health Care System by 7 beds. The difficulty with this solution is the same as inpatient medical beds in that we need to relocate clinic and administrative functions from the previously deactivated inpatient psychiatry unit at the Carl T. Hayden VA Medical Center.

**[Research]** The VISN 18 CARES Team identified as a planning initiative the need to expand the space available for the projected growth of the research programs at the Carl T. Hayden VA Medical Center and the Southern Arizona VA Healthcare System. The Carl T. Hayden VA Medical Center has an exciting and unique opportunity to join with Arizona State University (ASU) in establishing the Arizona Biomedical Institute. It will organize a multidisciplinary group of clinician scientists and basic scientists who can focus on some of the most significant health care issues of our veteran population. It will emphasize applied biomedical research and training of the next generation of clinician scientists. Expanded facilities and collaboration will facilitate recruitment of outstanding medical and basic science faculty and trainees. This will be a natural platform and magnet for engaging industry, bioengineering, biotechnology and clinical science in a vibrant and creative environment, while enhancing the medical center's recruitment and retention, as well as the VA's outstanding research reputation.

The two state universities will be actively involved with this project. SAVAHCS has also established a Molecular Diagnostics and Research Laboratory. The SAVAHCS is

one of the few facilities in the state to provide this technology and expertise. The goals are to support and advance laboratory standards for patient care, medical research and medical education.

**[Space Issues]** Historically all of the VISN 18 facilities have had space deficiencies. Part of the reason for this is because historically VA has underestimated the increases in workload due to veterans retiring in Arizona. The other reason for this is because up until the last couple of years VISN 18 facilities have been under funded compared to other VA facilities. So the issues that we are facing are 1) inadequate space to accomplish our current workload and 2) providing the space to accomplish the large projected increases in workload between now and when it is projected to peak in 2014. Based on VA criteria, VISN 18 currently only has 65% of the space necessary to accomplish our current workload. Now we add the large projected increases in workload which range from approximately 30% to 60% and we have huge space deficiencies. We have been addressing our space deficiencies through a \$41 million Ambulatory Care Addition at the Carl T. Hayden VA Medical Center which started in 1996, a \$25 million Ambulatory Care Addition at the Southern Arizona VA Health Care System which started in 2001, and have submitted a \$9 million Mental Health Outpatient Building to Central Office for funding in 2006. For FY 2004 we submitted three minor construction projects that will increase space for patient care that is crucial to our CARES Market Plan. These projects will increase specialty care space at Northern Arizona VA Health Care System, increase clinical support administrative space at Carl T. Hayden VA Medical Center, and increase ambulatory care space at the El Paso VA Health Care System. Once we complete our CARES implementation plan, we will be requesting many additional construction projects to enable us to expand our specialty clinics, diagnostic, and ancillary functions. Because our projected peak workload doesn't occur until the year 2014 and the decrease is relatively slow and small, we feel that construction is cost effective compared to leasing space. If the projected peak workload was sooner and the decrease larger, we would focus more on leasing than construction. With space deficiencies of this magnitude, vacant space is not an issue.

**[Conclusion]** The CARES process has been a very positive undertaking for the Arizona Market of VISN 18. It has enabled us to compare ourselves with the rest of the country and quantify our need for additional space to meet our workload demands. All of the planning initiatives for the Arizona Market have resulted in identifying ways to improve the manner in which we deliver health care. I feel especially positive about the resolution of the small facility planning initiative which will expand the services provided here in Prescott so the veterans of northern Arizona will have access to the care that they deserve and at the same time relieve the pressure that the Carl T. Hayden VA Medical Center has because of the volume of consults referred there. We look forward to your endorsement of the CARES Market Plan for the Arizona Market.